

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2561 Rayburn House Office Building
Washington, DC 20515-6515

MEMORANDUM

TO: Members, Committee on Small Business, Subcommittee Underserved, Agricultural, and Rural Business Development
FROM: Jared Golden, Chairman
DATE: July 20, 2022
RE: Subcommittee Hearing: SBA District Office Collaboration with Resource Partners

The Committee on Small Business, Subcommittee on Underserved, Agricultural, and Rural Business Development will meet for a hearing entitled, “SBA District Office Collaboration with Resource Partners”. **The hearing is scheduled to begin at 10:00 A.M. on Wednesday, July 20, 2022, in Room 2360 of the Rayburn House Office Building, and virtually via the Zoom platform.**

A strong relationship is necessary between the Small Business Administration (SBA) and its resource partners to ensure important information is flowing from the agency to small firms all over the country. The SBA’s district offices are a critical component in this flow of information as they are the representatives tasked with working with small firms and resource partners in local communities. During this hearing, the Committee will review the relationship between the district offices and SBA resource partners.

Witnesses

- Mark Delisle, State Director, Maine SBDC, Portland, ME.
- Nancy Strojny, Assistant District Director, SCORE Maine, Portland, ME.
- J.D. Collins, State Director, Michigan SBDC, Grand Rapids, MI.
- John William “Bill” Leaverton, Regional Director, America’s SBDC at Tarleton State University, Stephenville, TX.

Background

America’s almost 32 million small businesses account for 99.9 percent of all firms in the United States and have a tremendous impact on the health of the American economy.¹ The SBA offers a wide range of free or low-cost counseling and training services through its entrepreneurial ecosystem to help small businesses succeed. To deliver these resources, the SBA relies on its four primary resource partners: Small Business Development Centers (SBDCs), Women’s Business Centers (WBCs), SCORE, and Veterans Business Outreach Centers (VBOCs). As SBA Resource Partners are spread across the country, SBA, through the Office of Field Operations (OFO), relies

¹ *Frequently Asked Questions*, Office of Advocacy, U.S. Small Bus. Admin., (Oct. 2020), <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/11/05122043/Small-Business-FAQ-2020.pdf>.

on its Regional and District Offices to provide small businesses the tools for enhancing and growing their businesses while overseeing the delivery of SBA's programs, such as the Resource Partners, throughout their states.²

SBA Office of Field Operations

OFO is responsible for overseeing the 10 Regional Offices, which cover 68 District Offices, across the country. OFO is responsible for connecting and supporting entrepreneurs with SBA products and services including the Resource Partners, state, federal, and local partners, and community-based organizations.³ SBA Regional and District Offices are staffed by specialists that focus on lender relations, business opportunities, business development, economic development, outreach and marketing, and public affairs.

SBA District Offices are primarily engaged in outreach and marketing efforts with a focus on maintaining relationships with their local Resource Partners, lenders, and other local or regional economic development organizations. In FY2021, SBA field staff hosted nearly 19,000 Paycheck Protection Program (PPP) and COVID-EIDL related events, training over 612,000 attendees.⁴ Field staff engaged in nearly 30,000 outreach and marketing activities that reached more than 838,000 stakeholders.⁵

In addition to their outreach responsibilities, the SBA District Offices are required to perform annual or bi-annual reviews with their local Resource Partners. These reviews include questions regarding access to the Resource Partner facility, staff, and website to determine if the Resource Partner is accessible to the community and for clients for whom English is a second language. In addition, the reviews also consist of questions to determine if the Resource Partner is coordinating and delivering services with other Resource Partners to avoid duplication of services while promoting SBA programs and products. Lastly, these reviews ensure the District Office is aware of any successes or challenges facing the individual Resource Partner and any follow up that is required.

SBA Resource Partners

Small Business Development Centers

The largest of the Resource Partners within SBA's entrepreneurial ecosystem, SBDCs receive grants from SBA to leverage a unique mix of federal, state, and private sector financial resources to foster the economic growth of small businesses that generates business revenue, creates and retains jobs, and enhances local and regional economies. SBDCs deliver management and technical assistance to small businesses through an extensive business education network comprised of 62 lead centers managing nearly 1,000 outreach locations throughout the country.⁶ SBDCs deliver professional business advice and training focused on strategic planning, business

² *SBA District Offices*, U.S. Small Bus. Admin., (last visited June 30, 2022), <https://www.sba.gov/about-sba/sba-locations/sba-district-offices>.

³ U.S. Small Bus. Admin., *FY 2023 Cong. Justification and FY 2021 Annual Performance Report* (2022), pg.94 [hereinafter SBA CBJ].

⁴ SBA CBJ, *supra* note 3.

⁵ *Id.*

⁶ America's SBDC, *About Us*, <https://americassbdc.org/about-us/> (last visited June 30, 2022).

development, financial planning, and cash flow management to hundreds of thousands of business clients annually.

In FY2021, SBDCs provided training and counseling to over 643,000 entrepreneurs and small business owners.⁷ In addition, SBDCs helped clients start more than 22,000 small businesses and obtain almost \$8 billion in capital.⁸ The counseling and training provided by SBDCs to small business owners helped support over 2 million jobs in FY 2021.⁹

Women's Business Centers

The WBC program is a competitive grant program, where WBCs compete for federal funding. SBA currently provides grants to more than 140 non-profit organizations to provide quality counseling and training services primarily to women entrepreneurs, many of whom are socially and economically disadvantaged.¹⁰ Participating organizations must match the federal funding with one non-federal dollar for every two federal dollars during the first two years and on a one-to-one basis thereafter. Unlike any other SBA entrepreneurial programs, WBCs are also required to serve disadvantaged communities in underserved areas. In 2021, the WBC program advised and trained almost 88,000 entrepreneurs and helped start over 3,300 small businesses.¹¹

SCORE

SCORE provides face-to-face counseling at over 250 chapters with more than 10,000 SCORE volunteers.¹² SCORE volunteers utilize their industry expertise to mentor, train, and advise entrepreneurs in person and virtually. SCORE provides a full range of business consultation services, such as business plan development, strategic marketing, and financing ideas. The SBA's SCORE database enables small businesses to find SCORE volunteers that best match the needs of their business. In FY2021, SCORE served over 145,000 clients and helped create over 3,000 new businesses.¹³ Of those businesses receiving SCORE mentoring, 60 percent of those businesses realized revenue growth.¹⁴

Maine District Office

With locations in Augusta, Bangor, and Portland, the Maine District Office is responsible for delivering SBA programs and services across Maine's 16 counties.¹⁵ Some services provided by the Maine District Office include connecting small business owners with free counseling and training through SBA's Resource Partners, connecting business owners with local banks, federal

⁷ SBA CBJ, *supra* note 3.

⁸ *Id.*

⁹ *Id.*

¹⁰ U.S. Small Bus. Admin., *Press Release No. 22-55: SBA Administrator Announces Five New Women's Business Centers To be Operated by Minority Serving Institutions* (May 23, 2022), <https://www.sba.gov/article/2022/may/23/sba-administrator-announces-five-new-womens-business-centers-be-operated-minority-serving>.

¹¹ SBA CBJ, *supra* note 3.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Maine District*, U.S. Small Bus. Admin., (last visited July 1, 2022) <https://www.sba.gov/district/maine>.

contracting certifications, assisting with disaster recovery, export assistance, connecting veterans and their spouses with the Boots to Business program, and rural outreach.¹⁶

In addition to the services they provide, the Maine District Office works in outstanding coordination with their local SBDCs, WBCs, and SCORE Chapters. This coordination includes quarterly meetings with all the Resource Partners to ensure optimal harmonization and collective problem solving, hosting joint events and trainings, providing a shared calendar of events for prospective clients, and sharing clients with each other to guarantee individual clients' needs are met.

Challenges in District Office and Resource Partner Relations

Every District Office and Resource Partner relationship across the country is unique. However, some common themes of improvement arise including staffing and clear lines of communication. Staffing is, and has been for several years, a concern across the District Office and Resource Partner ecosystem. Many District Offices must navigate hiring caps due to funding constraints, increasing the workload on a small number of employees and the risk of employee burnout. In addition, some District Offices have had difficulty filling open positions due to labor shortages and concerns about pay due to the locality-based salary differences across the federal government.¹⁷ As part of their ongoing strategic plan to attract and retain employees, SBA has implemented human capital management strategies that include training, workforce planning, skills gaps assessments, employee engagement, and a performance management framework to support and develop their workforce.¹⁸ In FY2022, SBA received approximately \$278 million, about \$8 million more than the FY2021 enacted level, for salaries and expenses to better support their employees.

In addition, concerns regarding communication of responsibilities have arisen with some Resource Partner and District Office relationships. Understanding the distinct roles the Resource Partners and the District Offices play is vital to a functioning entrepreneurial ecosystem. Regular and clear communication is an important best practice to implement.

Conclusion

SBA has a wide range of counseling and training services for America's small businesses and entrepreneurs, supported by a national network of SBA Regional and District Offices. Supporting the effective and efficient operations of the Regional and District Offices is a priority for the Committee. Ensuring the smooth transfer of knowledge and coordination between the Regional, District, and Resource Partner offices will help America's small businesses and entrepreneurs succeed.

¹⁶ *Id.*

¹⁷ U.S. Off. Persnl. Mngmnt., *Complete Set of Locality Pay Tables 2022*, (January 2022), <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2022/saltbl.pdf>

¹⁸ SBA CBJ, *supra* note 3